

Rina Söderholm

Overview of the start up software sales and marketing processes

Case study SharpCloud Software Ltd.

Helsinki Metropolia University of Applied Sciences

Bachelor of Business Administration

Economics and Business Administration

Bachelor's Thesis

November 2013

Tekijä(t) Otsikko Sivumäärä Aika	Rina Söderholm Katsaus start up ohjelmistoyhtiön myynti- ja markkinointiprosesseihin, Tapaustudkimus SharpCloud Software Ltd. 48 sivua + 1 liite 08.11.2013
Tutkinto	Tradenomi
Koulutusohjelma	Liiketalous
Suuntautumisvaihtoehto	Markkinointi ja logistiikka
Ohjaaja(t)	Lehtori Pia Väkiparta- Lehtonen
<p>Opinnäytetyöni aiheena oli tehdä katsaus vasta-aloittaneen ohjelmistoyhtiön myynti- ja markkinointiprosesseihin, ottaen huomioon ison ja pienen yrityksen erot. Tavoitteena oli määrittellä asiakkuuksien hankinta, asiakkuuksienhallinta, myyntiprosessin vaiheet ja tehokkaimpien markkinointikanavien hallinta. Opinnäytetyön teoreettinen osuus liitetään työelämään kohdeyrityksen, SharpCloud Software Ltd., avulla markkinoinnin ja myynnin esimerkkejä hyväksi käyttäen.</p> <p>Tutkimus toteutettiin laadullisena ja aineisto kerättiin haastatteluiden avulla. Haastattelujen pääpainopiste oli opinnäytetyön teoreettista viitekehystä tukeva. Niissä huomioitiin vasta-aloittaneen ja suuren ohjelmistojen tarjoavan yrityksen myyntiin ja markkinointiin liittyvät erot. Lisäksi opinnäytetyössä hyödynnettiin aiempia tutkimuksia ohjelmisto- ja teknologiayhtiöiden markkinointikanavien tehokkuudesta.</p> <p>Tulokset osoittivat asiakkuuksienhallinnan olevan avainasemassa niin uusien asiakkaiden hankintaa ajatellen kuin vanhojen asiakkuuksien säilyttämisessä. Lisäksi tutkimuksessa selvisi myyntiprosessin olevan suuremmissa hankinnoissa pitkä, jopa muutaman vuoden mittainen. Prosessiin sisältyi kokeilujaksoja ja konsultointipalveluita. Tehokkaimmaksi markkinointikanavaksi osoittautui internet, jonka etuja olivat kustannustehokkuus ja kohdeyleisön tavoitettavuus.</p>	
Avainsanat	Ohjelmisto, myynti, startup, B2B, markkinointi, asiakkuudenhallinta

Author(s) Title Number of Pages Date	Rina Söderholm Overview of the software start up sales and marketing processes Case study: SharpCloud Software Ltd. 48 pages + 1 appendix 8 November 2013
Degree	Bachelor of Business Administration
Degree Programme	Economics and Business Administration
Specialisation option	Marketing and Logistics
Instructor(s)	Pia Väkiparta- Lehtonen, Senior Lecturer
<p>As indicated by the title, the focus of the thesis is both on the sales and marketing of software. The concentration is on the start up firm which will be followed by an analysis of the differences between corporate and start up sales. The study aims to understand the value of customer lead generation, customer relationship management, the optimal marketing channel strategy, and the sales process of the software. This will be applied to a real world setting, using the information of a software firm SharpCloud Software Ltd.</p> <p>The in-depth interviews focused on supporting the literature review of the study. Moreover, detailed information of the differences of a start up concept was gained, and it was compared with the multinational corporate software. Furthermore, relevant case studies of software and technology firms' effective use of marketing channels were studied. The results were compared to the case study firm.</p> <p>Overall, the results indicated that customer relationship management is extremely important in customer lead generation and customer relationship retention. Moreover, closing a sales process is a lengthy process, up to few years long which includes trials and consultation services. Furthermore, online marketing is suggested to be the most effective marketing channel because it is cost-effective and it is able reach the target audience effectively, both geographically and quantitatively.</p>	
Keywords	Software, sales, start up, B2B, marketing, CRM

Table of Content

1	Introduction	1
1.1	Objectives of the thesis and guidelines for the topic	3
1.2	Method of the study	4
1.3	Structure of the study	4
1.4	Introducing the case study firm	5
1.5	Terms	7
1.5.1	Start up	7
1.5.2	Born global	8
2	Customer acquisition and customer relationship management	10
2.1	Obtaining customers	10
2.2	Customer relationship management	11
2.3	Customers in SharpCloud	13
3	Sales process	15
3.1	Sales funnel	17
3.2	SaaS Workflow model of software sales process	18
3.3	Sales model applied by SharpCloud	20
4	Marketing channel and its relationship to sales	25
4.1	Marketing channel case study research	26
4.1.1	Online marketing	26
4.1.2	Partnership	29
4.1.3	Personal contact	30
4.2	Marketing in SharpCloud	32
5	Conducting the study	34
6	Results of the study	36
6.1	Customer acquisition, sales promotions and CRM	36
6.2	Sales process and the difference of start up and corporate sales	38
7	Summary and evaluation of the thesis process	38
8	Conclusion and future recommendations	39
8.1	Limitations of the study	41

8.2	Development ideas and recommendations to the case study firm	42
8.3	Subjects for further study	42
	References	44
	Appendices	
	Appendix 1. Qualitative Research Questions	

1 Introduction

The software industry is one of the fastest growing industries in the world. To produce faster and more effective business process is important in all business sectors which creates a demand of the customer for software. Enterprises all around the world are ready to invest in large amounts of money to improve efficiency, reduce costs and create more understandable and accessible data. Therefore, new software firms are entering to the competition to get a piece of the \$600 billion industry. (Moen et al. 2003, Howkins 2007.)

Competition between software providers is high, especially towards small software firms in the market. Large, well reputed corporations such as Microsoft and Oracle are the market leaders. It is estimated that nine out of ten start up software firms will be bankrupted within the first year in operation, and from all start ups only 69% of companies survive two years in business and only 51% survive 5 years. (U.S Small Business Administration, 2011, Croll & Yoskovitz, 2013:360.)

Due to its product characteristics, the sales process in the software industry is different from the one in other industries. In the case of SharpCloud the amount of a software purchase is from £5,000 up to £75,000. The price includes services and regular updates to the system of which requires investment into software, as well as close communication and co-operation between the distributor and the buyer. SharpCloud and all the in-depth interviewees represent business to business (B2B) sales operations.

The research questions were well defined before starting the research project that had an important role in progressing with the project. With specific questions it was easier to create guidelines for the study and concentrate on the desired outcome. A wider topic which the study questions are based, is the sales and marketing processes of a start up software firm to reach the desired revenue.

There are no previous studies of start up software firms that detail the challenges a software firm faces that explain the sales process. The theory part of the thesis concentrates on explaining sales and marketing processes, and on how to establish a further customer relationship management and customer lead generation. The importance of the founders' and the sales personnel's previous connections and networks is high-

lighted which is in a key role to reach the first customers. There are many limitations of carrying out a good performance that highlights the importance of understanding effective sales and marketing process management.

The research problem of the thesis is how to qualify and attract customers, effective customer relationship management to retain old valuable customers and desirably receive attention with word-of-mouth. Further on the aim is to describe the sales process and discuss the effective marketing channels. The research problem will be studied with the following questions:

1. How to create effective customer acquisition and CRM strategy?
2. How does the sales funnel work when it comes to software sales?
3. Which are the effective marketing channels?

The study will first introduce customer acquisition, most importantly word-of-mouth and recommendations, and customer relationship management (CRM). Furthermore, two different sales models will be taken into account which are combined and used as a base for the case study firm sales model. Moreover software sales and business to business marketing will be introduced and studied through literature, case studies, information based on the case study firm and interviews. The study introduces the case study firm's sales process and marketing channels as a real life example that will support the academic research material to provide extended research findings.

Qualitative research is based on in-depth interviews with three specialists of software sales. The interviews will provide information on sales process, importance of CRM to comparing the difference of start up to corporate software sales. The literature and interview findings will be reflected to the case study firm. Software marketing channels will be later on researched through case studies, that will provide an understanding of the most valuable and effective marketing practises to a start up software. The conclusion of the study is represented with recommendations for future software firms as well as to provide additional information to the existing firms.

1.1 Objectives of the thesis and guidelines for the topic

To guideline the work similar and relevant theses papers were studied. These papers were written about business to business sales and software management. To take Rick Aller as an example, who wrote his thesis called “Sales Organization & Tactics, Solutions for Improving the Sales Function in Medium Sized B-2-B Companies” (2010). Study concentrated to the tactical and organisational levels of the sales. Furthermore, a MBA thesis called “Towards Software Sales Success Case: Comparison of Successful Business Practices of Nordic Sister Companies Selling Software X.” written by Isomaa (2010). Furthermore, written of expanding software business abroad, launching an existing software in Finnish markets. Thesis concentrated on growing the business performance in a new market area and studied of the best business practises to apply to reach the targets.

Reading previous theses has provided a better understanding of previous findings and how to develop research outcome further. The findings of this study will provide the employees of a software company a deeper insight into software sales and the marketing process.

The aim of the thesis is to explain the sales process and to carry out a study which is helpful for anyone requiring information of software sales and marketing processes. The aim is not to create a manual, more likely an article to enable understanding and provide information about software sales and marketing. This article can be later on used by the case study firm to provide an overview of the sales process for new employees as well as be a description of the challenges that a start up firm will face.

Project objectives:

1. To study the software sales process of the start up firm
2. To analyse primary research results compare them with academic sources
3. To produce a project report that documents sales and marketing strategies of a start up company
4. To identify the best sales and marketing approaches to enhance the revenue of the company
5. To compare a start up and corporate software sales and marketing process to find similarities and differences

1.2 Method of the study

The present is a research of a specific market, software which is completed with literature review, using previous case studies and qualitative research methods. Theoretical background is collected from various books and articles of the sales and marketing processes and customer behaviour.

The qualitative in-depth interviews included three software sales specialists to a discussion of their opinions about software sales and marketing processes. The purpose of the qualitative research is to find supportive evidence for the literature material and to a secondary research method of studying case studies. Qualitative research questions are structured to give answers from the sales timeframe, importance of customer relationship management to difference between start up to corporate software sales process.

The secondary research method is using previous case studies as a part of the research material. The case studies are based on software and technology start up marketing channel researches. As a result of these case studies the most effective and beneficial methods are highlighted. Furthermore the researched information will be applied to a case study company's marketing process. Moreover, this can be applied to all start up software businesses. Furthermore, suggestion of the most relevant market channels will be made. All of the research results rely on the literature and qualitative study reflecting these to the case study firm.

1.3 Structure of the study

Literature review will introduce the reader to customer lead generation, customer relationship management, sales process, business to business marketing. Furthermore, two sales models will be introduced in the study which will be later on reflected to the sales model used by SharpCloud.

In-depth interview conclusions will follow the literature review to provide an extensive view to the topic. In addition to case studies of marketing channels will be analysed to gain more information of the suggested successful marketing methods of software. The

last section provides the conclusion of the research and further recommendations for future.

1.4 Introducing the case study firm

SharpCloud Software Ltd. is a start up company, which is why the thesis includes explanations for terms such as a start up and born global to enable understanding of the firm's circumstances. The case study firm will be used throughout the study to provide a real life example of the software industry. SharpCloud is based in London, unlike the most of the software companies that are based in the US. Location can be seen as an advantage, when selling in the UK and in the European markets. At the moment several laws are govern data security. The laws are different in each continent which can be considered as an asset later on.

The present case study firm was established in January 2012 by two friends. Since then the software has been developed further and customised to meet customers' needs. At the moment, the firm has one office in London. However, there are plans to open another office in New York later this year.

SharpCloud Software Ltd which will be later referred to as SharpCloud, is a business to business (B2B) firm. Until today, multibillion companies, sometimes called in the US as Fortune 100, are the target companies according to demand to organise and manage large amounts of data in cloud, mostly project portfolios, strategy plans and road mapping. Target enterprises operate in industries (illustrated below) such as: Oil & Gas, Defence, High Value Manufacturing, Energy, Public Sector and Pharmaceutical, IT and consultant partners.

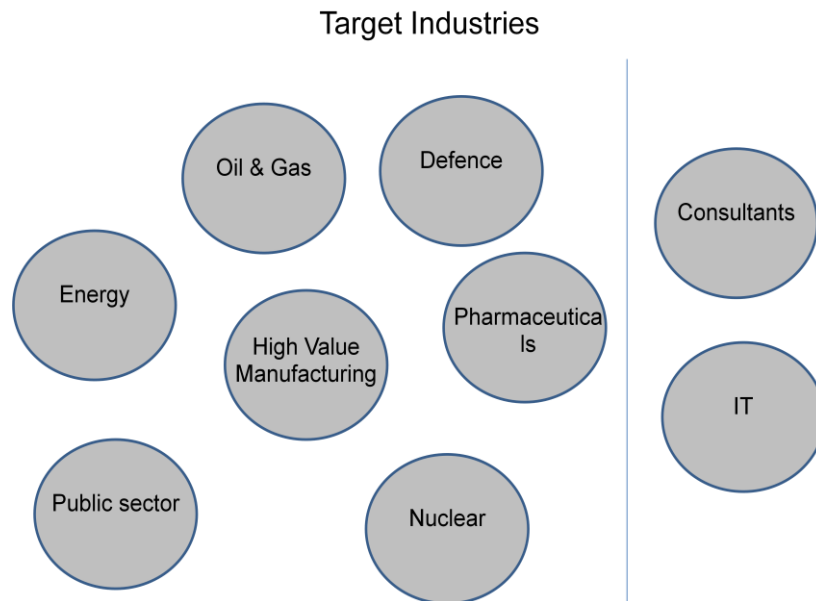


Figure1. SharpCloud target industries.

The customer base is wide. At the moment the biggest customers are HP, Logica, Inmarsat, E.ON., The MTC (The Manufacturing Technology Centre), IfM, CGI, GSK etc. The software is mainly targeted to be used by the top management for roadmapping, strategy and project portfolio management.

SharpCloud software is a commercial product. The primary aim is to develop it further according customers' needs and expand the business operations. SharpCloud's technology partners include Microsoft Silverlight, Windows Azure and Microsoft BizSpark One. Partnering enables using the software through a web browser and to storage data in a cloud. Technology partners have an important role in maintaining the functions of the software. However, the importance of the partners who sell the software as well as provide additional consultancy services to customers cannot be underestimated.

SharpCloud could be described as a born global start-up firm, the term will be discussed later on. The firm is ambitious to reach the world's biggest enterprises and help their business processes to run more efficiently, with up to date information securing highly sensitive information.

1.5 Terms

The thesis will concentrate on the terms start up and born global, the essential terms to describe most software firms, especially the ones desiring to reach fast growth. These terms include aspects such as a recently started business which has challenges of its own with reliability and customer acquisition to name a few. The terms were selected to the study to highlight the challenges and the importance of setting up a business. Moreover, to reach international markets rapidly to provide an asset of reaching greater amount of highly targeted customers bringing in additional challenges.

1.5.1 Start up

A start up firm is normally described to be a firm with a desire to grow rapidly. A start up firm is recently founded, it can be suggested that there is no specific market space for the firm. What is it like to be a start up? When a company has started its operation it is clear, that enterprises lack trust to purchase its product. As mentioned earlier nine out of ten software businesses will be bankrupted within a year of entering the business. Therefore, enterprises have increased concerns of reliability towards the firm. Furthermore, it is suggested that the first customers for a start up firm are normally connections that increase trustworthiness in the eyes of other potential customers.

With different measures of failing makes the numbers radically different. It is suggested that if liquidation of the firm, investors losing all their money, the potentiality for this to happen is 30% to 40% of start ups in the U.S. Furthermore, if the failure is defined as receiving the investment back by a certain date, as a return of the project etc, 95% of start ups is considered to have failed. (Gage, 2012.)

How can it be explained that people still want to found a firm? An ordinary reply is that founders like to take extreme risks and there is a belief that the firm will pay off all the long hours and there is a possibility to succeed (Sarasvathy & Menon 2002). Although according to a research by Hall and Woodward the entrepreneurs who work for long hours and are full of ideas the reward in these start ups is after all small when considered the high risk factor (2007).

1.5.2 Born global

Born global describes a firm that has a vision and mission to work globally from the beginning of funding. Mostly it is stated that the maximum time to globalise is three years from founding the firm; this is the most common definition although it varies from resource to resource (Garbrielsson et al. 2008, Roudini & Osman, 2012). Born global company is defined also to generate more than 50% of the sales in other countries than in which it is founded within 3 years of time. As a term born global itself has many definitions, there are many opinions about the percentage of sales that should be completed abroad.

Reaching the point that the most of the sales are generated abroad the following key characteristics suggested by Gabrielsson and Kirpalani need to be adequate to achieved sales worldwide. Born global enterprises are that the company has (1) an ability to use internet effectively. (2) Furthermore, the target customers are defined carefully & (3) located globally, (4) product is innovative, exclusive in some way that the market is open and easy to enter. (5) Moreover, it uses networks effectively. Besides (6) entrepreneurial orientation is higher than in other companies, and also (7) performance is better that leads to the internationalisation. (Gabrielsson et al, 2012:3-7.)

It has been proven that entrepreneurial capabilities can be crucial at the inception and at the internationalisation of the company. Challenges that one may face in international market are wider, at the same time the target market is larger which enables to reach greater amount of customer. The character of selling software enables easy access to global market. Physical moving of sold item is not essential therefore, delivering product is cost effective around the world. Although challenges that a born global as any internationally working company faces are risk with exchange rates in, when traded between currencies and cultural boundaries. (Karra et al, 2008.)

Service wisely most of the support and services can be processed online, through online demos, email conversations and conference calls to support additional information. When purchase of software is completed, the person has proved knowledge of using computers due to nature of purchase, for this reason providing online support instead of face to face support is normally acceptable. (Karra et al, 2008.)

Most important aspect of going global is to (1) provide a product which has a need in markets all around the world, (2) right pricing, there is a need to take account price index that is normally considered to measure economy's price level or a cost of living, software need to be affordable in the country of purchase. (3) Marketing, a market plan how to reach the wanted audience, (4) leads which will eventually produce the needed customers for a product. (5) Customer support, (6) sales assistance and (7) customer training should be made reachable for the target firms and existing customers. In globalisation it is important to be able to provide a product that is up to date at all times, (8) to provide more functions and (9) develop the product further. Most importantly product must (10) fill the needs of the customer by bringing more value for customers business. (Croll & Yoskovitz 2013:5-9.)

Born global firm acquire international entrepreneurship (IE) to reach the global markets. Lately (since 2000) international entrepreneurship has received significant attention, and it has reached a position as one of the leading strategy to grow for entrepreneurial firms. Entrepreneurial capability has suggested holding crucial part in a success of a new firm. Furthermore, it needs significant amount of work and commitment to make a firm to succeed. Entrepreneurial skills are argued to have minor impact when the "venture matures" (Roudini & Osman, 2012). In the literature researched there are four dimensions that have been mentioned for business success, these are people, resources (non-human), timing and opportunity. However not much is known how internationalization can be reached rapidly. (Timmons & Spinelli, 2008, Roudini & Osman, 2012.)

Demographics of the sales in the case SharpCloud have changed dramatically from a year 2012 to the first half of 2013 as demonstrated below. On the first year nearly all sales, 85.3%, were generated in the UK. Comparing to the sales on the first half of the second year, when approximately 81% of the sales proceeds have been abroad, prominently in the US, few in Australia and Singapore. However towards the end of the year it is expected that the sales amount will be more balanced between the sales in the UK and abroad, when huge amount of subscriptions will be renewed from last year UK based sales. According to these statistics SharpCloud can be described as a born global firm.

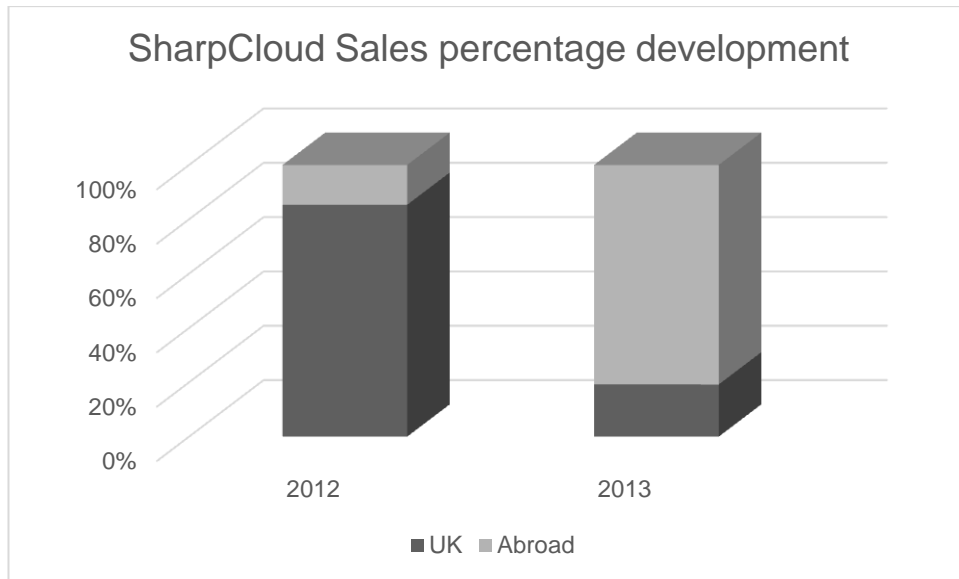


Figure 2. SharpCloud sales in the UK and abroad (SharpCloud sales data 2012 & 2013).

2 Customer acquisition and customer relationship management

Most of the sales models highlight the importance of money orientation, however customer lead generation can be argued to be equally important. It can be thought that managing financial transactions is more important than managing the customer lifecycle, however long term customers will heavily contribute to revenue creation.

2.1 Obtaining customers

Relationships are the core value of building businesses and the first step of sales that are the easiest to reach through already existing contacts. From an experience of working in SharpCloud to create trust between a sales person and a potential customer is important, since software is normally sold as a subscription on yearly basis. In a start up firm first subscriptions for new software are the most challenging ones, as enterprises have an uncertainty of trust towards a new firm. Customers tend to be careful with the purchase since a single purchase amount is a huge investment. (SharpCloud Sales Statistics, 2013.)

Indicated by Manolova et al., most of the customers on the first year in business were contacted through existing relationships and networks which are confirmed to be extremely important (2010). Due to the initial investment of the software product from existing customers, this creates a form of trust and security for other potential investors.

Recommendations and word-of-mouth are extremely important throughout the maturity of the business. However in the beginning there is a greater value of the relationships to the success of the business. Good experiences of usage and trial will encourage already existing users to recommend the software to others, which is an extremely important part of marketing the software. The power of good word-of-mouth among customers, who normally work and communicate with like minded people, suggesting and increasing the knowledge of the software to others interested in the product could help increase sales. Investment in new software is normally beneficial which requires trust between seller and buyer. However making a purchase decision is easier, if one has received recommendations to prove the purchase to be worthy of investment. (SharpCloud Sales Statistics, 2013.)

The measurement created to analyse, track and recognise the most valuable customers for the business, is called net promoter score. This will rate a score how likely customers are to promote the product to others. By receiving an answer to this simple question, indicates loyalty of customers therefore, indicating growth. When a customer is willing to recommend something that is useful they will not only spread positive message about a product, but also put their reputation on the line. Recommendations are probably one of the most powerful methods of marketing in customer lead generation. (Reichheld, 2003.)

2.2 Customer relationship management

Customer Relationship Management (CRM) is a strategy used for gaining knowledge from customers therefore, to provide development and change in software. CRM defines the way customers see your firm, help with building customer relationships, increasing knowledge about the product or service and shapes the perception of which the customer has of your firm. To develop CRM in a company you have to collect

knowledge about your customers and market trends to stay attractive as well as useful for target audience. (Wailgum, 2013; Iriana & Buttle, 2006.)

Effective use of technology and human resources will help to receive knowledge of customers' behaviour and values that can be used for marketing and sales purposes. This knowledge can inform us of (1) product and service demand, (2) about a need to provide wider range of customer service, (3) offer extra functions that the customer would need, (4) help to understand customers which therefore, helps sales people to close deals more effectively, (5) maintain existing customers and develop new customer relationships. It is extremely important to understand the needs of the target audience. Furthermore, to use a new tool to manage customer data. (Iriana et al, 2006; Wailgum, 2013.)

In most literature, CRM is divided into two different categories: strategic and operational. Strategic CRM is used to highlight the value of the most profitable customers and gain knowledge of how to keep them. This refers to the previously introduced net promoter score which is one way of evaluating the most profitable customers. Therefore, it is important to create a business strategy that will maintain producing value for customers over time. Term operational CRM can be defined to improve efficiency as well as better the relationship with customers by personalising communication. (Plakoyiannaki & Tzokas, 2002; Xu & Walton, 2005.)

CRM is used to manage customers systematically through three different stages. According to Reinartz, Krafft and Hoyer (2004:294) these are "initiation, maintenance and termination" in each of these stages customer's value to the business should be maximised. CRM is a great tool for a process of collecting information therefore, able to lead to effective decision making. Technology has enabled new advanced ways of collecting data about customer behaviour. Applying this to the software industry, it is easy to collect extended information about relevant customers. During the sign up process for example SharpCloud collects additional information, as an email address, demographics, position in the hierarchy, career needs and outcomes. Furthermore, information can be collected during an online demo, online training and in other forms of contact requests. Eventually the knowledge will lead to a database of valuable information about the customers to enable development as well as provide more targeted services and an up to date product for customers. (Rigby, Reichheld, & Scheffer, 2002.)

Acquiring and seeking attention are the first step of a sales process in aiding building new customer relationships. Furthermore, to build relationships with leads and create customer affiliation where top level prospects are actually considering the repurchase will enhance the sales process. It is proved that creating a new customer relationship is more expensive than effectively managing already existing customers. Therefore, customer relationship management can be considered as one of the most important parts of the sales process. (Sullivan 2008; Bauer, Grether, & Leach 2002.)

According to existing research it has been proven that winning new customers can be five times more expensive than maintaining old customer relationships. CRM will enable valuable understanding of customers by filling the needs to maintain benefits for the both parties. Following the statement above, effective CRM strategy in a firm can be argued to increase revenue. (Bauer et al. 2002.)

It can be also argued that CRM has little proven impact for return of money, although it remains a huge investment in many companies. This can be explained by Richards and Jones (2008), that the term CRM is not clearly defined and will cause problems as it is understood in many different ways. Therefore, this will lead to a conclusion that benefits CRM which are hard to define, but can certainly be established.

2.3 Customers in SharpCloud

Target customers are easier to recognise, when the business function of which the software is developed to solve is identified. This can be industry specific, identified by the type or the size of the target enterprises. Furthermore, carefully targeting the core group of customers that will gain the most benefits of the product is easier to approach. As mentioned earlier SharpCloud has clearly stated its target industries, therefore, market research of enterprises in each sector is easy to complete. Providing examples of a software usage in similar enterprises is a powerful tool for sales.

Moreover as suggested earlier to the most of the software products signing up is free, during the process additional user information is always required. This enables to define users and collect background knowledge as different forms of contact information for sales and marketing purposes. Database of connections is in a key element to customer lead generation. It can be argued that conferences and events are the most rele-

vant forms of interactions to introduce the product and create new connections. Furthermore, it is important to systematically update the database of the connections establishing an accurate and effective communication between the leads/ customers and the firm.

Customer acquisition in SharpCloud varies by months as can be seen from the Figure 3 below. Sales amount on March 2013 was zero that makes the most radical change to the figure. However this is due to a fact that a huge amount of time on March was used to finalise the sales from a previous month which required most of the resources to travel to the US to provide support services. The case study firm also attended two conferences in March that will explain the steep growth of the amount of subscribed customers. Moreover these activities disabled sales creation for the month. As a conclusion March 2013 included special features with providing services and concentrating on customer lead generation.

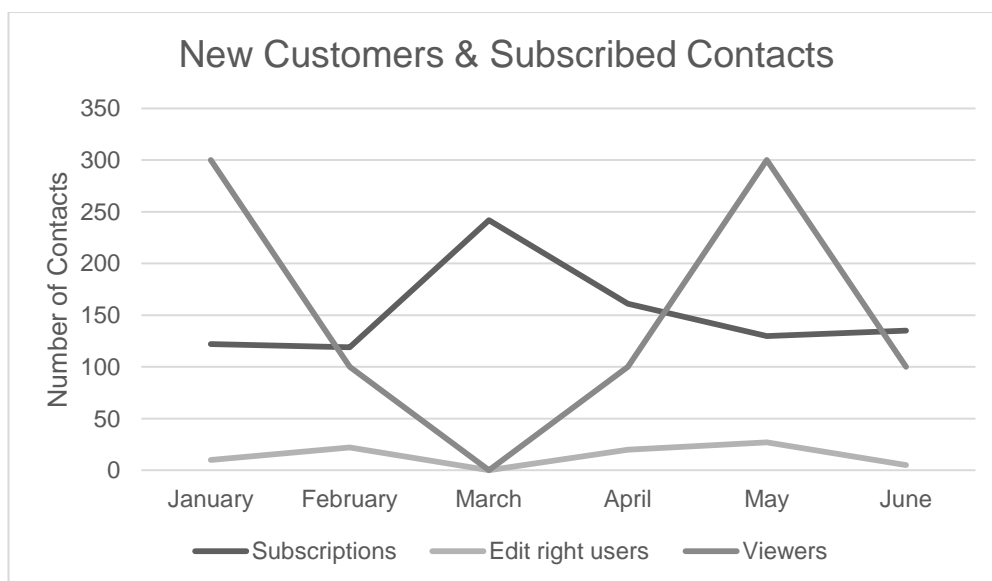


Figure 3. SharpCloud subscriptions, edit right users and viewer statistics (SharpCloud Sales Statistics).

However a stable flow of about 130 new contacts in database, subscriptions, in each month, growing the database to more than 10,000 contacts. Edit right sale that is the most common way of the usage of the software, has been stable between 10 to 27 each month of the year 2013. Furthermore, this will equal up to average of 14 sold edit

rights in a month. In SharpCloud case edit right describes a person, who can edit and can create new content, as well as add and delete any items. Normally only few in the enterprise can do this to ensure reliability and accuracy of the information. Viewer rights are designed for the audience that are allowed to only view the information presented in the database.

New customer relationships are generated at all time, while old subscriptions require attention likewise. It was notable that few of the customers did not want to renew their subscription for varied reasons. This should be recognised to develop the sales and customer relationship management process to maintain high standards of customer service and software among subscribed. However it is unavoidable that some of the customers will not find the benefits of the software therefore, deciding not to renew subscription. However growing and changing customer requirements need to be filled. In a case study firm attention to customer support and training sessions should be added, to ensure that customers have enough knowledge of the use of the software.

3 Sales process

First steps in the sales process are to define answers to the following questions: (1) define target customers, it is extremely important to know who to sell to, also the purpose of the software and how it is needed. (2) The issue at hand that the software will solve to the customer. The product will enhance the business process by solving the issues, and highlight the importance of better management across the business. Acknowledging the importance for the customer will affect the importance of the product. (Blank, 2006.)

Furthermore it is important to recognise (3) the size of the problem we will be solving for the customer, (4) to recognise the appropriate job positions and possible ways to get the first sales connection. Finally (5) understanding the numbers of subscriptions needed to be sold to be profitable. Extremely high importance is placed on target sales creation for each month. Furthermore, to reach the annual sales target, sales process requires attention to recognising the needs of the potential customers and be able to generate sales. The main aim is to understand customers' needs before applying any sales theories. (Blank, 2006.)

The nature of software sales requires patience and long term customer relationship management with the potential clients. Established relationships will normally lead to a yearlong subscription, excluding shorter time period subscriptions such as trial periods. Sales wise there is a monthly pattern to ensure each month will reach its target sales amount. It can be predicted that from the first to third week of each month, sales focus should be concentrated towards lead generation and validity of potential customers. During this time sending a proposal is an important initiation to push leads into making the final purchase decision. Additionally in the last week of the month, a reminder call of the proposal expiration should be made to pull the sale through and to close the month, speeding up the decision making process. Often it is beneficial to have an expiration date on the proposal or to make an additional offer to tie up the monthly sales process. (Yoos, 2012.)

The sales process of any software can stay similar throughout the years. However market research of target customers should be updated as new customers in existing markets and emerging markets may have new requirements from the software. As discussed in my primary research second interviewee representing a corporate highlighted: 'We also keep an eye on the news, to see which new banks are opening up and which laws are changing that may make other companies into target customers..' (17/09/2013). It is equally important to develop software further to fill the requirements of the changing customer needs and industry demand.

Increasing sales revenue should not be threatened with an 'expense of growth' as suggested by Croll & Yoskovitz (2013:10). Applying this to the software industry, is an example of receiving more features as a customer that has purchased the product. Furthermore, the remaining customers of the software will have limited features as a test version in public which will give an advantage for paying customers who will receive more. However this may lower the ratio of new customers since they do not have a chance to see all the features of the software unless purchasing it. (Croll et al, 2013:9-10.)

3.1 Sales funnel

Sales funnel is the basic sales model which has got its shape from the decreasing number of potential closed deals. Sales funnel as presented below is a great tool to visualise the sales process by showing what stage the lead is in. The sales model includes many potential prospects and customers in each steps of the funnel. (Davies, 2010.)

The starting point of the funnel, widest part, includes all the prospects and target audience. There are countless potential customers, who need to be convinced of the importance of the software in the business process. Therefore, confidence of closing the sale and achieving a new customer is low at the beginning of the funnel. However confidence is increasing throughout the time and with effective communication.

It is suggested that software start-ups are not bankrupted because of the lack of product, but because of a lack of customers. It can be suggested that, attention should be acknowledged to customer lead generation. As well as the importance in understanding customer needs cannot be undermined; one needs to understand the users, to whom the product is sold, also why the product is needed.

Effective marketing and sales actions will further increase the interest towards the firm, when prospective customers are reached to fill the first steps of the sales funnel. There will be an increasing demand to introduce the software therefore; more information of the product and the services should be provided.

The target is to progress as many prospects as possible towards the purchase step at the end of the funnel. Sales funnel will help to identify the progress of an individual target customer, while giving more information throughout the sales process as demonstrated below in the figure 4. For example how the sales process is progressing, the length of customer lead generation process, the amount of customers a sales person has in each step. Also revenue forecast and value of sales for upcoming months can be estimated, when the customer has a specified position in the funnel. (Davies, 2010.)

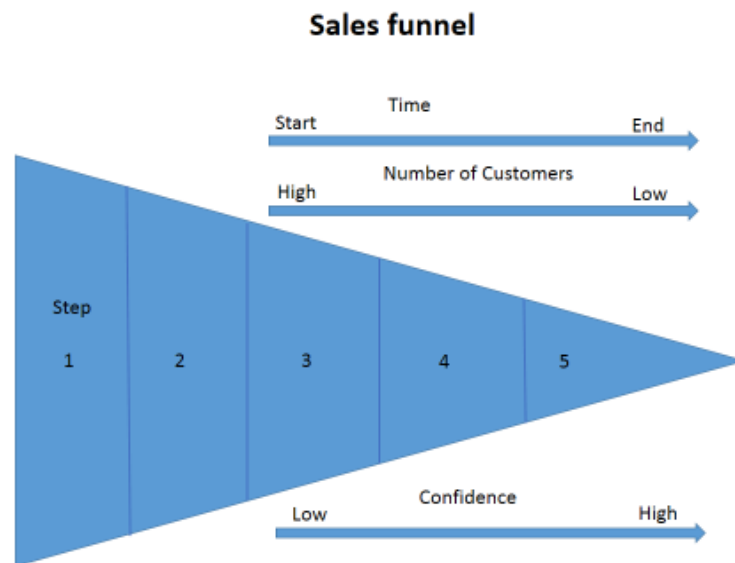


Figure 4. Sales funnel (Davies, 2010).

After carefully qualifying the potential customers, towards the smaller end of the funnel, most of the prospects have fallen off and only the customers are remaining, as illustrated in the figure above. Start point of the funnel is where the customer contact started and during the steps time will pass by taking into account customer intentions and activity. At the same time a number of customers reaching further steps decreases as mentioned earlier. However while potential customers move forward, confidence for purchase will increase therefore, towards the last steps of the funnel customers are likely to buy the software. Furthermore, it can be suggested that only a few of the leads will become customers. (Davies, 2010.)

3.2 SaaS Workflow model of software sales process

This part will extend the previously illustrated sales funnel model by including customer relationship management to the model. Software as a service model explains customer lead generation and customer relationship management. Customers can be reached, via different marketing channels. Software as a service (SaaS) has recently become a common model of hosting information on the cloud. SaaS offers data storage in cloud, information is saved at the external data management centres which are accessible

through web browsers from any computer. A model for SaaS software customer creation is presented below as it is created by Croll et al (2013:98).

A sales activity starts with marketing and communication actions. When the target customer is interested of the product most likely the target customer visits the firm website and become a visitor. More information of the business is available on the website. Furthermore, a visitor is expected to sign up to become more familiar with the software. Signing up for a complete free version or limited free version will introduce the user to the benefits of the software.

It is unlikely that prospects will find the software independently, as previously mentioned that most software sales people are required to find the prospects. Therefore, the first sales target is to get all the prospects to sign up and convince them of the benefits of using the software. Furthermore, after the sign up process, it is possible for the prospects to get to know the software better. At this stage a prospect becomes a user. (Croll et al, 2013:98.)

Moreover, there is a need to contact the user to find out if they have further interest in participating in an online training demo to gain more knowledge of the software. Other extra services, such as conference calls, may be offered to maintain communication and provide better understanding of the software. User becomes engaged or disengaged, according to their needs. Engagement ratio and providing support by the software firm has a correlation in providing the knowledge to use the software for the most relevant business processes. If the software fills the users needs a trial to use it for free or with a discounted price for a certain amount of time is useful to increase engagement. Additionally the trial is the easiest, recommended and the most effective way of committing the customers to use the software.

The user that becomes engaged is likely to recommend the company and software for other potential users. After a trial, an engaged user is more likely to purchase a license to use the software and become a customer. However many factors may lead to disengagement, the user will become a former user by the fact they need the required advantage of the software use which does not meet each other's needs. There may be more suitable products in the market or the pricing is not right which will take the customer to another firm. After a purchase decision, the importance of customer support services increases commitment to provide good understanding of the functions and

enhances possibilities to use the software and its importance. Customers will be more engaged if there is a good understanding of the benefits of using the software. (Croll et al, 2013:98.)

Towards the end of the subscription there are three suggested reasons why the subscription will not be renewed; disengaging, dissatisfaction and capacity limits. Disengaged user can be reactivated by supporting services; trainings and consulting services. Dissatisfied customers are in a way or another not convinced of the essentiality of the software. Furthermore, reactivation of dissatisfied customers will require efforts to fill the needs to enable a continuous customer relationship. Customers experiencing capacity limits will be more problematic to satisfy, however it is suggested that by offering solutions of further software development a re-engagement to customer can be reached. (Croll et al, 2013:98.)

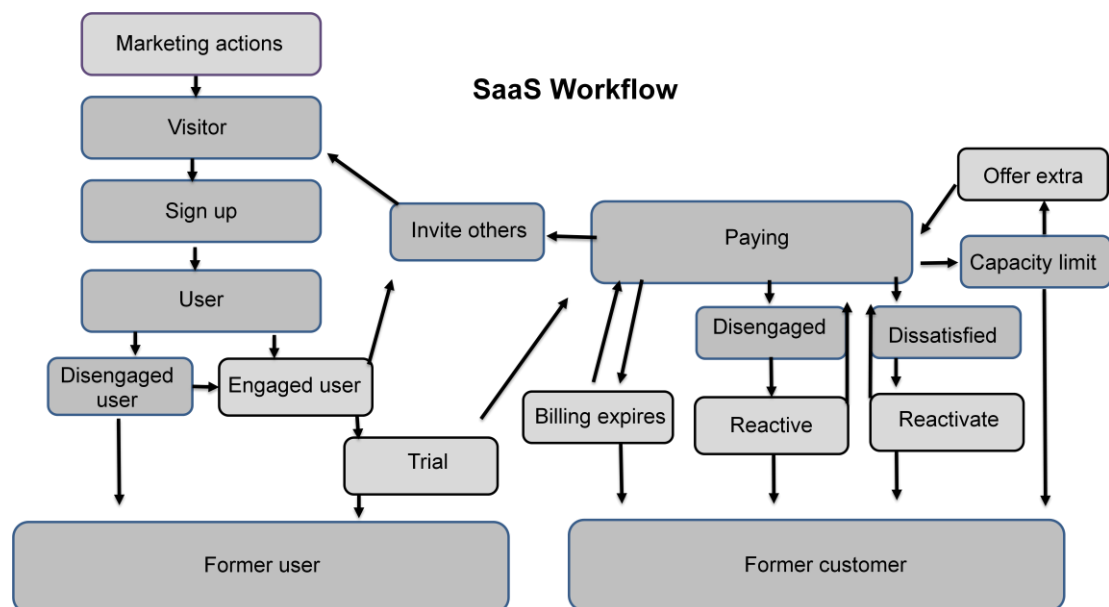


Figure 5. Saas Workflow (in a book by Croll & Yoskowitz 2013:98).

3.3 Sales model applied by SharpCloud

It is suggested by Croll and Yoskovitz (2013:360-370), that after few sales each firm should understand their own sales funnel model which to follow. SharpCloud sales funnel model figure is created from the way sales process has been delivered at the mo-

ment. Further on sales process for a month will be represented and sales in numbers will be taken as an example.

Customer lead generation process and sales model SharpCloud is presented in the figure 6. This model will take each lead, target people, to be qualified step by step fewer to prospect level, after all to the proposal and invoicing which is the customer level. Leads are the most important group to identify in the beginning; target prospects and industries. Sales person must have the knowledge why to sell something for certain people, more importantly how the sold product benefits the buyer.

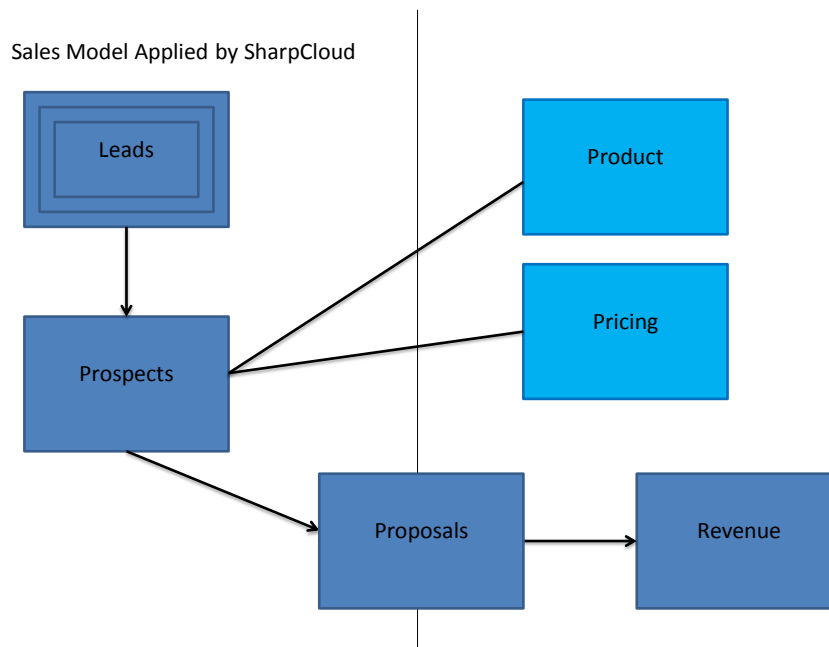


Figure 6. Model created by SharpCloud sales functions (2013).

This model (Figure 6) firstly represents of how to earn the interest and qualify the leads to prospect state. In the lead state one is required to have thousands of contacts to qualify the most promising leads that have a demand for the product. Furthermore, lead group needs to be qualified that one can divide the group to several parts. Later on to start following the most interesting leads which would have potential to become prospects. Qualifying methods that are used in SharpCloud are (1) free consulting that may include producing a “story” to show how the software would be used most effectively to serve the customer demand. (2) Online training which is cost and time effective as hav-

ing no costs of travel and training, while it can be hosted from anywhere with internet access. This is used as a tool to increase knowledge of the software as well as (3) conference calls and (4) webinars. Furthermore, (5) arranging a seminar that requires more attention and significant attention to create needed amount of attendees for seminar to be profitable, only the most interested potential customers will attend. (SharpCloud sales functions, 2013.)

In prospect state there is a need to give details of the product and pricing which is a step closer of receiving a new customer, by the prospect state there is averagely hundreds of prospects. The most promising ones, that are most likely using software for planning and managing data with a free access should be approached with a proposal to pay for a license and services to use the software privately within the enterprise. After sending a proposal to a prospect, wanted positive response is receiving a purchase order. This means that the sale is legally effective further on leading to a new contract and a customer relationship. However some prospects will respond negatively and drop off from this last state before becoming customer. (SharpCloud sales functions, 2013.)

Last week of the month should be targeted to closing the proposed deals. A little push to remind proposed contacts is necessary in most cases, since most of the decision makers are busy and work load needs to be prioritised. SharpCloud has found it useful to remind that the proposal sent earlier is valid only for this month. If there is an urgent need to close the deal, it has been found useful to encourage the enterprise to make the purchase decision fast. Methods that are used to close the deal on the same month are to offer an extra day of consulting service or more editors to use the product. Push to sales decision is normally effective in addition to add increase the priority of the purchase. (SharpCloud sales functions, 2013.)

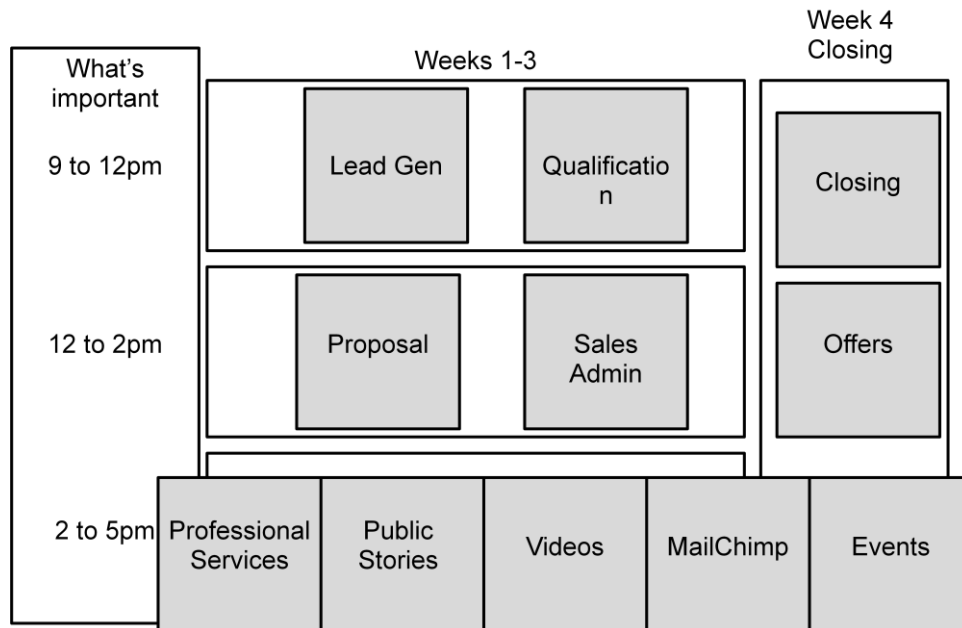


Figure 7. SharpCloud Sales Pattern for a Month (SharpCloud sales functions, 2013).

The best metrics to measure the business success are (1) comparative (2) understandable, something that you are able to also remember, (3) 'ratio or rate' (Croll & Yoskovitz, 2013:10). As suggested by Thomson: 'If you cannot measure it, you cannot improve it' (1889). Understanding all the business functions, something to see what has happened, is something temporary or becoming a trend. For example product should be developed towards the customer needs, not against the sales. The metrics that will be used to analyse will be easily measurable and can be repeated in becoming years to ensure possibility to compare and analyse long term development. (Croll et al, 2013:10.)

It is suggested by Croll and Yoskovitz that there is a need to 'lie to yourself' as an entrepreneur (2013:9), although data-driven learning should be the cornerstone for the success of a start up company. Analytical metrics are suggested to be critical to the business and closely related to the business model. These are (1) the source of money, (2) cost of things, (3) number of customers and (4) the effectiveness of your customers buying strategies. (Croll et al, 2013:9.)

Measuring the sales is important and there are various measurement models that enable customer evaluation by commitment to the product or the regularity of the purchase. When measuring business success the level of competition should be taken account. In the early state of launching and having software in market there may not be

any competition, however it is important to keep in mind that all good ideas can, and will be copied. In case that the competitors reach the same level of quality with the product the competition may reduce relative productivity which can be measured between these similar products. However that creates competition that increases the risk to lose customers to another company. At the moment SharpCloud does not have competitors which are an advantage. However preparation to boost uniqueness to provide services is recommended. (Anselmo & Ledgard, 2003; Pal, Sinha, Saha, Jaumann, & Misra, 2012.)

In the figure below all the sales from the beginning of the business, from January 2012 to June 2013 are represented to demonstrate media sales generation. At the moment the media sales amount is £12,000, larger than ever before. A few larger single purchases have increased the media sales amount during maturity of the firm. However media sales amount is lower than expected to be at this point.

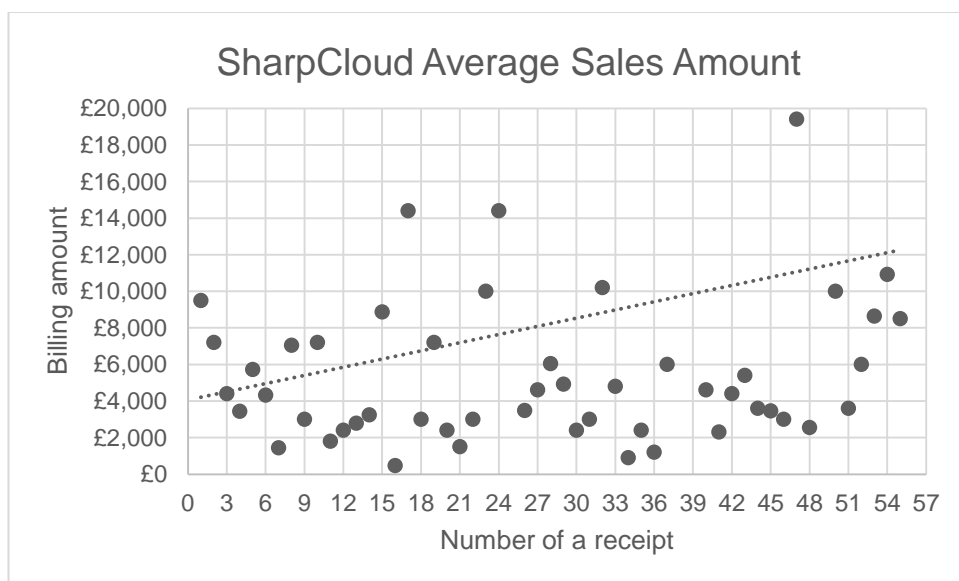


Figure 8. Sales amounts of each individual sale, with linear trend line (SharpCloud Sales Statistics, 2013).

4 Marketing channel and its relationship to sales

Sales and marketing are different processes; however, the goal is the same. The case study firm is delivering software only to business requirements. Business to business (B-2-B) marketing is similar to business to customer marketing (B-2-C), however the target customers are different. B-2-B marketing is targeted for products and services required by companies and organisations. Marketing team is suggested to reach good results by understanding the volume of marketing actions and by following it to reach the targets. One of the most important aspects before launching a marketing campaign is listed to be an accurate contact data to reach the wanted contacts. It is suggested that sales and marketing department cooperation is required to implement the best possible results of marketing campaigns Furthermore, customer buying process should be in the centre of the focus to improve the effectiveness of both departments. (Ross, 2012; Brennan et al. 2011:6; Patterson 2007.)

In a short term arranging a marketing campaign may seem as non profitable, when there is no recorded direct link between the sale and the advertising. The effects of the marketing campaign can be hard to measure. It can also be found that the benefits in a short term do not lead to new customers. However through CRM one can find information from a longer period of time, considering time before and after the campaign.

It is suggested that measuring the benefits of internet marketing is hard to estimate before actually committing money for a campaign. Therefore, CRM can be argued to present wider perspective of the campaign and guideline the future investments. In ones opinion measuring the campaigns can only lead to a better decision making. However measuring efficiency through automated technology to track the results is cost effective. (Richards & Jones, 2008; Kiang et al. 2000.)

Internet is suggested to be one of the most important tools for B-2-B marketing by enabling to reduce the cost of transactions, thereby allowing more effective exchanges and markets. In addition to measuring an online campaign effectiveness is simple. (Berthon et al. 2003.)

4.1 Marketing channel case study research

Throughout the researched three relevant case studies of start up firms. It was suggested that a software firm is required to find the customer prospects which is an opposite approach than in many other industries. Going into deeper detail of researching the potential target prospects, most important aspects are the customers also careful planning of used market channels. This section will analyse previous case studies of software start ups of which marketing strategies have been used by other internationalised firms.

The relevant statistics have been found from two of the case studies that studied specifically internationalised born global software start up firms; both case studies have a different approach to the topic which provides extended perspective to the research. The last case study researched was based on a wider area of industries, not only software and information technology. According to this fact it will be analysed more critically, when applying it to the chapter of about marketing channels.

It is suggested (Gabrielsson & Kirpalani, 2012; Gabrielsson & Gabrielsson, 2011, Moen et al. 2003) that rapidly internationalised start ups use mainly two market channels: internet and multinational company relationships, when both of the companies are dependent of the outcome. In one of the case studies, where 35 firms' market channels were researched, it is suggested that companies reached higher rate of internationalisation were more likely to use internet as a sales channel than less globalised companies. However, internet based sales channels were used in high extend, personal relationships with small local channels and multinational companies were important. (Gabrielsson et al, 2011.)

4.1.1 Online marketing

Using internet marketing in software sales is more common than in other business sectors. This is mainly because of the nature of software business. Customers that are looking for a purchase are experienced of using the internet, since they are buying a computer related product. Software firms are normally very innovative and using latest technologies to develop a product, thirdly software can be distributed electronically, without shipping which gives it an extra asset to sell and deliver product online. Accord-

ing to a research by Moen, Endresen & Gavlen (2003), where six small/medium sized software firms were interviewed about their international marketing activities. Five out of six firms agreed that the internet had a big role in finding prospects, searching information of distributors and partners, as well as increasing visibility and awareness to sell through internet.

As Table 1 illustrates, online marketing channels used by the researched firms were variable and each firm had their very own strategy. It must be related to the fact that in a small start up company most of the business functions are solved internally and it is only one of the tasks for one person in the firm. Online marketing used by the firms were (1) using website as a tool, (2) translate the website to many different languages was a strategy of one company including a local number for many different countries, although all calls were transferred to the same call centre and (3) a website specifically designed for future partners. (4) Articles online, to represent firm in relevant websites and online magazines, as well as (5) online reviews were used by two firms to give publicity. (6) Mass-marketing campaign was also used to spread knowledge of the software, among others as (7) creating search words and (8) search engine words were used. As a marketing strategy one firm made deals with computer producers to (8) include their software to new computers to enable free limited time subscription for everyone and one probably the most adventurous strategy was to (9) send demo versions to professors in selected universities. (Moen et al, 2003.)

Table 1 Online marketing strategies of six start up software firms (Moen et al 2003).

How does small software firms do marketing online according to the case study?						
	Firm A	Firm B	Firm C	Firm D	Firm E	Firm F
Internet vs personal sale	Personal	Personal	Personal	Mixed	Personal	Internet
Contact through former customers	X					
New contacts through website	X					
Articles online			X			
Online reviews			X			X
Mass-marketing campaigns				X		
Sending demo versions to elected professors in Europe				X		
Software test version in new computers					X	
Website concentrated to find partners					X	
Local websites in many languages						X
Search words			X			X
Search engine words purchased			X			
Additional comments		No important role for internet, potential clients & partners are already known; f-2-f sales.	Internet in a big role in sales, most contacts through internet			99% of sales are from the internet or the phone.

The most popular online marketing channels were online articles, online reviews and buying search words from search engine providers to enable more visibility and visits to website. Similar information is proved in case study by Yoos (2012), where all studied firms used internet as one marketing channel. The one company which did not find

internet particularly useful had very targeted audience and list of names to contact without further research.

However using internet as a sales channel did not have the main role, it is suggested that one will need personal connection to complete sales process, this can be proved with the fact that four out of six companies were using only personal contacts for sales and one was using mixed (internet and personal) channels for sales. Only one was able to mention that the most of the sales were generated thorough online, it is stated that 99% of the sales came through phone and internet (Moen et al. 2003). In a study by Gabrielsson et al (2011) using internet based sales channels were radically lower which may easily refer the firms researched were not all technology related, only almost half had used internet as a part of sales strategy.

4.1.2 Partnership

Second most effective marketing action has suggested to be creating partnerships as sales colleagues; this will improve possibilities to widen the customer base. Internationally located partners will be easier to reach in the destination and the software support is less complicated to arrange. According to a case study of Yoos (2012), half of the studied software firms had a partnership program. However each programme was different and provided different information to partners, although similar support methods can be recognised. Support methods are divided to six different categories: communication, networks and alliance, educational, marketing, promotional and financial, such as remote access to human resources and possibility to contact support line throughout the day, deliver an educational programme, attract leads through website, and deliver post-sales services, also offer price discounts.

Great variance of programme features which the software firm was offering for a support to channel partners varied from social media updates, blog mentions, email customer letters, event marketing launching, research and development investment, technical support, offering additional information after log in process, provide sales and technical training, certification program, discounts for product evaluations, access to resources to partner locators. All these variant methods that were used to support partners in all the time changing and challenging sales environment had one common feature; all programmes used internet to provide the services.

All of the support programmes were mostly managed online which is an easy and effective communication method. The most frequently used communication methods were delivered through the present website in many languages, social media interactions, blogs, possibility for online calls and product reviews. (Yoos, 2012.)

4.1.3 Personal contact

Personal contact is an important factor, although most of the communication mentioned above is possible and most effective to complete online, personal interaction is suggested to create confidence towards the purchase. Therefore, one cannot forget the importance of face to face contact in sales and marketing that cannot be replaced by any other way of communication. Internet will not be powerful enough to replace the personal contact in software sales process which is fairly complicated and need extensive communication before the decision of purchase and investment can be completed. (Moen et al. 2003). As an Interviewee 2 requested an asset as being a corporate customers can be reached by the local office as well in London, Tanzania or Indonesia. (17/09/2013).

Product support and service level is normally dependent of the customers' need, complexity of the data presented which will add the demand for support, in SharpCloud case. It is argued that highly customisable product needs more assistance, support and training in a sales process than a standard product. Highly customisable software is classified as "high-touch" product that needs more personal contact although much of the support can be delivered via internet, online trainings and conference calls. SharpCloud can be counted as customisable product, according to the structure and functions of the software used which are highly dependent of the users needs. Services as part of sales process should be charged separately, as travel and time consumed for consulting requires additional costs to the regular product. (Yoos, 2012; Gabrielsson et al, 2011; Moen et al., 2003.)

However it is unlikely that a firm can charge for all support that has been provided. As a conclusion, providing good and effective support for the product and service can be a part of a marketing strategy rather than sales process which will create even tighter relationship between sales and marketing as business functions. As will be highlighted

later maintaining customer relationships is cheaper and less time consuming for sales force than creating continuously new relationships.

There are two general risks when selling software product as a start up firm: unfamiliar product and unknown supplier that makes it harder to manage sales only through internet. Personal contact brings more trust and reliability to the investment. According to all three researched case studies the interviewed firms agreed that to rely only on internet sales is not safe. Therefore, conclusion will be that most of the times internet cannot replace face-to-face communication which is even essential to create relationship to customer. (Moen et al. 2000, Gabrielsson et al, 2010; Yoos, 2012.)

Normally the purchased amount invested to software is notable which means purchasing process will last longer, than buying something less valuable for shorter period of time. As well certainty and trust of necessary support and updates are required before purchase decision can be made. Good and informative website and information online can add the reliability to the customer and make the sales process easier for the salesperson. (Moen et al. 2000.)

It is suggested by Petersen et al. (2002) that the effect of e-business in firms' internationalisation is modest, because of the limited experimental knowledge that will unlikely change by the usage of internet. Firms will be affected different way including that the process of internationalisation is complex. This argument may represent truth in other industries. However, in the previously studied three case studies in software and information technology internet has arguably big influence. When it comes to technology start up firms the usage of the internet is a tool to nearly all communication. Third case study researched, showed only minor positive effects of using internet as a marketing channel. However not all firms in this case study were software based. The results were more positive than Petersen is arguing. In one of the case study the researched 35 companies, when 11 of them had achieved global status only 4 of the companies did not use internet based sales channels, proves clearly the benefits of internet (Gabrielsson & Gabrielsson 2010). Argument of modesty in benefits of internet by Petersen et al. (2002) may not be said of all industries, but without denying can certainly be a fact in other industries.

4.2 Marketing in SharpCloud

Most of the SharpCloud marketing actions were taking place online as it will be suggested to be the most relevant communication tool in the researched case studies. Convenience of the usage of internet comes to approach, when most of the contacts are internationally located. Following figure 8 illustrates which marketing action takes place in each point of the sales process in SharpCloud. From qualified lead to the prospect level marketing actions used are (1) offering online demos of the product to increase knowledge and give detailed information, (2) social media, Twitter and LinkedIn updates, to keep followers posted of the latest updates of the software and upcoming events. Moreover (3) email newsletters that are posted to everyone from prospect to customer level. (Yoos, 2012.)

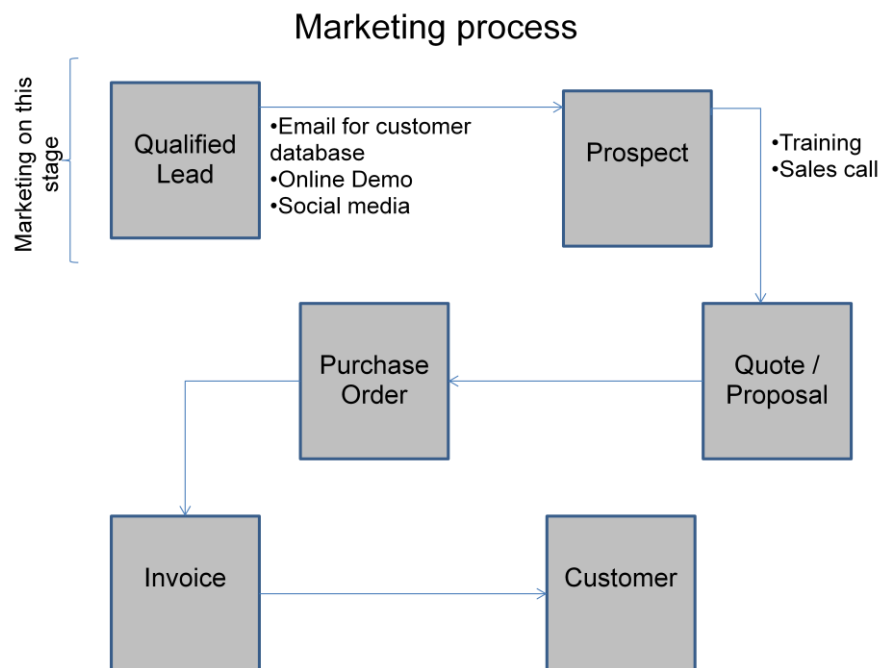


Figure 9. Marketing actions in different stages of sales process (SharpCloud Marketing Statistics, 2013).

One of the most used methods of communication in SharpCloud is creating connection to leads via email which is by bulk emails impersonal. According to the number of people connected at once, it is the most relevant method. Email campaign average recipients were 3306, varying between minimum of 38 recipients to maximum of 10,313 re-

cipients. Moreover large change in number of recipients will increase the average number of recipients notably, when average is counted eliminating the most and the least recipients of the email, there were averagely 1761 recipients.

In the experience of the firm, leads are contacted mostly via group email which gives an access to reach many people in once cost effectively and directly; average cost for each email in SharpCloud was £0.01. However open rate of the email is not big due to the fact that some of the largest enterprises have effective methods of protecting inboxes of the employees from spam emails. Furthermore, many emails remain unread although would reach the inbox. Average open rate for the email letter is only 23.1%, during the first half of a year; however cost benefit rate remains effective.

Table 2. SharpCloud Group Email Statistics (SharpCloud MailChimp Statistics, 2013).

Figures from group emails					
Name of the letter	Date	Recipients	Time	Open rate	Click rate
Introducing search	21/06/2013	4212	1pm	19.9%	0.6%
June Customer letter	18/06/2013	4288	2pm	21.4%	0.6%
3 Seats left London User meeting	20/05/2013	529	6.15pm	8.3%	0.0%
Last Call London User Meeting	16/05/2013	624	12.30pm	15.5%	1.0%
London User Day	09/05/2013	10131	12.50pm	19.2%	0.7%
Final Reminder- US Seminars	24/04/2013	433	6.50pm	34.0%	1.4%
Houston Seminar	16/04/2013	38	9.50pm	23.7%	0.0%
Invitation: Breakfast Briefings	15/04/2013	509	4.30pm	37.7%	5.3%
April- All else	12/04/2013	6977	12pm	19.3%	1.9%
April User Email	12/04/2013	5203	12pm	21.0%	1.6%
March Project Challenge Follow up	25/03/2013	1208	5.50pm	28.1%	4.0%
March Innovate Follow up	21/03/2013	106	3pm	33.3%	10.4%
January Newsletter	29/01/2013	8725	6pm	18.6%	0.7%
Total: 13 email campaigns		Average:3306		23.1%	2.2%

In the table above five different measures of email marketing are listed, there does seem to be a ratio between open rate and time of sending the email. The most opens and clicks have received the emails sent between 3pm to 6pm GMT. The most of the customer database contacts are located in Europe and in the US. Therefore, the email is received mostly within business hours. An email, as a marketing activity, aim is to reach the interest of prospects and potential customers to add product knowledge.

Secondary marketing aim is to keep the current customers up to date of the changes in the product, besides increase the knowledge of the upcoming events and participation in conferences arranged to the customers.

The open rate is significantly different between the most opened email and the least opened email. A highlighted email campaign was sent to rather small amount of recipients that had not opened the previous email campaign. This can lead us to the conclusion that these email addresses in the database may be invalid or otherwise not in active use.

LinkedIn, as a social media, is the most professional therefore, the most trustworthy when doing business research and customer acquisition. SharpCloud has received 56 new followers throughout the six month period which means that the number of the followers has increased by more than 100%.

Follower demographics reveal that the most of the followers are target users or existing SharpCloud customers. Beyond any doubt the most of the followers are in a senior position (39.7%) in an enterprise; as well as the most of the followers work for information technology (27.1%) and computer software (7.6%) which are the target industries for the business. Furthermore, 4.2% of the followers in LinkedIn work for oil & gas industry that is also a target industry. The most of the followers are from a +10,000 employee enterprises. This concludes that the target audience has found the software and are following SharpCloud's company page.(SharpCloud LinkedIn statistics, 2013.)

5 Conducting the study

Main aim of using qualitative research method is the opportunity to have an open discussion with the interviewee which enables observation of the research topic wider. Undetermined results that are beyond the boundaries of the researched subject of in-depth interview research can be counted as a main feature. Summarising qualitative research method: it is interactive, personal in-depth interview enables data collection of personal experiences and perspectives. Interview based research gives deeper insight to the opinions of the interviewee which gives an opportunity for the research to con-

duct new aspects that has not been taken account previously. (Mack et al. 2005; So-faer, 2002.)

Empirical research can be divided to two sections: qualitative and quantitative research. Surveys and questionnaires are the most common quantitative research methods. Comparing these two research methods the major difference is in the outcome which is textual in an interview based research and numerical in a questionnaire based research. Interview has a potential to demonstrate new and unexpected information, whilst questionnaire is concentrated on finding an answer limited to the asked questions. Data collection methods differ notably; interview is based on conversation and reaching the answer with open questions, when questionnaire will give answers to the limited questions. (Creswell, 2003; Mahoney et al. 2006; Mack et al. 2005.)

Primary research in this study is in-depth interviews. All the material is collected especially for this study. Interviews took place in two different locations, in Helsinki and in London. Software industry can be described as internationalised that the location of the interview is not affecting the results remarkably. Every one of the interviewees has worked in software industry for at least 10 years having received senior position in the current employment. The research intended to explain customer lead generation, importance of a good CRM and the length of the sales process and clarify the differences of start up sales comparing to corporate software sales. Research material was collected in approximately 30 minutes long in-depth interviews writing the flow of conversation. Interviewees were contacted through connections to represent start up firm and corporate which will give a deeper insight to the differences as well as similarities.

Sales personnel will be represented in the study as an 'Interviewee 1', 'Interviewee 2' and 'Interviewee 3'. Before the interview all the questions were shown to the interviewee, the purpose of the interview and for who the research is made was explained. It was made clear to the interviewees that the company and their identity will stay unnamed throughout the research as well as the functions of the company will be described on the way that the company and individual will stay anonym.

Background information of the interviewees will be represented; moreover it can be evaluated if the background has an effect to the nature of the answers and opinions:

- Interviewee 1: a 35 years old man employed by a start up software firm titled as a Product Manager with 13 years of experience from the field.
- Interviewee 2: a Customer Support and Sales Executive from a multibillion corporate 30 years old and 10 years of experience from the field.
- Interviewee 3: a 38 years old woman, worked for the past 15 years around sales and software, at the moment working in a leading software enterprise as a Services Account Executive.

6 Results of the study

The results of the study will be introduced by the topic. The research information is based on interview answers of the experts of sales, marketing and consultation services of software. In-depth interviews will give a perspective from start up to corporate world. Full interview research questions are listed in an Appendix 1.

6.1 Customer acquisition, sales promotions and CRM

Interviewee one suggested that the customers are found through personal contacts and LinkedIn, researching internet and conferences. However, the main way of finding customers is through referrals and word of mouth. Second interviewee pointed out that their services are well known through the target industry which meant the firm is receiving requests for proposal continuously. The company is also actively following the new firms that belong to the target customer frame. As well as possible law changes that enabled more target customers. The firm has variety of software therefore, often multiple departments in the customer organisations to which the products can be sold. The last interviewee noted that each customer segment has a different strategy of finding target customers that are segmented to large, medium and small firms as well as public administration and consumers. It was also pointed out that target customers find the product and different strategies are in use to customer relationship management.

Customers contacts from word of mouth referrals and direct contact enquiries are approximately five per week in a start up firm, average two were received from direct con-

tacts. However firm is not currently investing any efforts to attract people to their website. Larger firm representative interviewee two concluded that they are contacted by target customers regularly. In the third interview it was highlighted that it depends of the size of the target company segment. If the target companies were large or medium sized their sales representative was required to be continuously contacting the customer. Active sales attitude and consulting by the software firm is also expected by the large customers. However small and medium sized customers are required to be more active with contacting the sales representative. That is suggested to hold more customer relationships. Therefore, due to the lack of time customers are required to have an active role.

Start up firm ensured the customer buying their product by highlighting the importance of the value that the software can offer for the customer. Especially in fastening and saving money throughout the business process. This is particularly important since the software is not a direct competitor for anything else. It came to a discussion that the firm does not generally offer free access to premium features, as that would diminish the value of the product. Second interviewee confirmed that their firm offers extended cancellation policies and bundles of products to ensure that potential client can simplify the purchasing requirements. The larger corporation was offering "Proof of Concept" test environment when it comes to the larger deals. However for consumers discount or a free trial was offered to ensure potential customer to buying decision.

Throughout the in-depth interviews it was emphasised by all interviewees that the CRM is extremely important. In the start up firm most of the customers reach the product through recommendations from the existing customers and it was suggested to be "possibly the most important thing we do" (Interview 1, 17/09/2013). CRM was suggested to be a challenge according that the larger firm had customer in the most countries in the world and numerous account representatives which was suggested to make CRM coordination certainly challenging. As the third interview revealed that the firm has many tools to manage the customer data. Therefore, information of becoming projects, future requirements among others are accessible by all employees.

6.2 Sales process and the difference of start up and corporate sales

All firms agreed that the sales process is a long term plan, interviewees of the larger companies suggested that larger sales takes even few years to take place. It was suggested that the high cost of the purchase, long termed subscription and various meetings require time to be approved. Challenges for a start up company were listed as a poor visibility and the lack of reputation. Besides the product is not displacing competitors therefore, pilot project(s) are required to reach the possibility of a sale. Free services as consulting, training and temporary offers are in use to convince the potential client to the purchase.

The last question was referring to the differences of the large corporation and a small start up. On the first interview the downsides of being a small firm was that the firm can be seen as a risk to invest in as well as it is unlikely that the target customer have heard of the firm ever before. Positive sides listed are that the start up is ready to do anything to serve the customer, for example the number of product is limited in the market. Therefore, the product that has customers will stay in the market. It was also suggested by the interviewee one that being “unfunded” start up, firm started and funded by owners. Moreover the customers are the most important external resource for the firm.

Interviews of two large corporation representatives suggested that the risk to invest to the product offered by corporation is nearly risk free. In addition, product representatives are available all around the world and the purchase process is controlled that enables the smooth and predictable sales process. However, as a downside the quality of the customer service was mentioned to be a down side as the number of customers per representative was high.

7 Summary and evaluation of the thesis process

The research process started on at the beginning of January 2013 continuing for the past nine months to gain knowledge of the case study firm, most of the relevant information is from this year including some information from the first year of the business 2012. There was a need for a study to have a single document reachable for future

employees to gain information about the nature of software sales and marketing inter-related processes. The study is helpful for anyone requiring information of sales and marketing process especially for a small firm the study will give examples from customer acquisition, CRM, sales process to marketing channel options. The thesis will be useful for anyone planning a career in software sales, marketing or customer related role, especially in a start up firm

Research of a sales process and most effective marketing channels to a small start up business will prepare to provide an insight to the highly competitive industry. Due to the wide research of academic articles and books, one can rely that the information presented above is relevant. Furthermore, all the resources researched are recently published, after a year 2000 and most relevantly 23 of them after 2010 which will prove that used information is up to date during the time of the research. Research methods used are based on various sources including the real life aspect with interviews of senior position employees and case study firm statistics.

8 Conclusion and future recommendations

The study has showed that the start up firm is required to have a highly targeted audience to use specific channels to reach them. Secondly, as a start up it is hard to build the necessary trust with the customer. Furthermore, considering that there is no proven ability for the enterprise to receive value of the investment into the software. All in all, entering the market is extremely challenging. Contacts play a significant role in reaching the first prospects and building the customer relationships to a start up firm. It can be argued that marketing actions have a larger impact in an established well known firm, when the market place is stabilised.

In comparison with other industries, the difference with software sales lies in that one needs to find the customers. Furthermore, as demonstrated earlier, the target market is important to keep up to date of the new features and latest updates. Long term planning is important since the sales process is normally remarkably long in larger purchases.

At the moment in the case study firm, there is no found pattern or any certainty of the sales in a becoming month which makes it hard if not impossible to predict the future sales with any certainty. However, as it has been argued that the amount of subscribed leads is related to the number of customers in future. In a corporate the sales revenue is easier to predict by the higher volume of sales and renewals of subscriptions. Furthermore, measuring the correlation between the accesses to the paid services new customers is important to know that growth is not threatened by generating sales revenue. In SharpCloud case, software is accessible for free with all features. Although yet the customers paying of the software receive a private page that enables them to share information only within the named contacts.

Engaged users should be offered a proposal to use the software as well as be offered support to use the software. In order to move the customer a step closer towards the buying decision. Especially the contacts received by recommendations are arguably easier to develop to be customers.

Research of case studies of software and technology marketing channels provides better understanding of the most effective marketing channels to a start up firm. Case studies provide industry specified analysis of the marketing channels of more mature firms. Studying case studies is an effective way of reaching information of many firms in one paper. As demonstrated earlier online articles, blogs and reviews in relevant websites can effectively increase knowledge of the product. Furthermore, creating websites in local languages with a local phone number is an effective way to reach international markets. First and foremost software should be niche to implement growth and international expansion of the business.

It was suggested by Servais et al. (2006), unlike in many other industries, in software a firm needs to reach customers. Therefore, an investment to search words and partner programme for wider visibility can be considered to help to reach wider audience and provide more consulting services. SharpCloud has few partners; these firms use SharpCloud as a tool for consulting and deliver communication between themselves and customers. It is easier to reach specific markets that require knowledge or geographic location outside of the target customer sectors. Managing customers and chasing new leads take huge amount of time which can be argued to be reduced with having well trained partners.

As a conclusion a sales process requires a relationship to the customer and normally the decision takes a long time. The most noticeable difference between start up and corporate sales process is in the trust that comes with the corporate as well as the sales process is controlled that the customers knows what to expect in each step. Partners and online reviews are the most important marketing channels of building an image, together with internet presentations and face to face sales meetings. It is also suggested that small firms should reach international customers, partnerships and co-operative agreements with larger enterprises.

8.1 Limitations of the study

There are limitations in the research methods used, interview data is impossible to get to statistically measurable which on the other hand side, enables wider recognition to an interviewee's answers. In this research the interview is an opinion of three interviewees, not representing the view of the whole industry.

Businesses are also vulnerable to external factors that are related to the business objectives and strategies as economic, legal, social, political, technological or ethical. (Riley 2012). These external factors may act as barriers created for example taxation or non-tariff barriers. Launching of the product globally will enable more prospects and greater demand. However, unexpected changes in the economic situation and other external factors may never be estimated. Therefore, the risk to face unforeseen circumstances will increase creating limitations. (ICC, Taxation, HM Revenue & Customs, Branch 2006, Competition of Act 1998).

Alternatively certain laws can encourage to international trade. As one of the interviewees requested that "we also keep an eye on the news... which laws are changing that may make other companies into target customers" (Interview 2, 17/09/2013.) External factors creates an unreliable factor to the business which can be used as an advantage as in the example.

8.2 Development ideas and recommendations to the case study firm

Growth of the business has been remarkable, although not as great as expected. SharpCloud has already a good customer base; many of these are multinational and multibillion enterprises. However, a CRM programme should be developed to maintain future subscriptions and to adjust to changing work environment as well as new business challenges.

Marketing wise suggestion is to pay more attention to online marketing, increasing knowledge of the product through reviews, articles and search words. Online reviews and articles in appropriate magazines web pages and websites will bring positive publicity and create more certainty as well as trust towards the software. Purchasing search words correctly will increase the visibility of the business.

There is a need to creatively analyse the current data from many sources, social media and customer email data, likes and follows may rather mean, that one is interested in the product. These metrics should help to develop the progress to receive more attention to marketing activities. Furthermore with greater amount of data and more stable customer base, there is a better chance to measure and predict business success. (Parmenter, 2010:2-3).

8.3 Subjects for further study

This case study is an overview of the full sales process which will give a good overall picture. To the future studies a recommendation is to concentrate only on one part of the process to be able to reach more detailed information in a specific study. Customer relationship management itself is a broad topic, interesting further research would be (1) how to use CRM most effectively in a small start up business?, (2) how much money should be invested in CRM? Or alternatively (3) how to gain long term relationship?

As suggested most software firms will need to make special efforts to reach the customers, unlike in many other business fields where customers will find the producer or the service provider. Suggested topic is a study of (4) how to create a customer acqui-

sition process and channels to use to manage effective communication between customer and the provider?

This study paid a lot of attention on online marketing which is the most cost effective way to reach many target prospects according to the cases studied. Online channels were fairly well researched. However, it is also important to define (5) how much money should be invested in marketing? And (6) how to reach different demographic targets online? These are also recommended topics for further studies.

References

- Aller, R., "Sales Organization & Tactics, Solutions for Improving the sales function in medium sized B-2-B companies", 2010, <http://goo.gl/dDKmcl>
- Anselmo, D., Ledgard, H., "Measuring Productivity in the software industry", *Communications of the ACM*, 2003, Vol. 46, No. 11, pp. 121-125
- Bauer, H. H., Grether, M., Leach, M., "Building customer relations over the Internet", *Industrial Marketing Management*, 2002, Vol. 31, No. 2, pp.155-163
- Berthon, P., Ewing, M., Pitt, L., Naude, P., "Understanding B2B and the Web: The Acceleration of Coordination and Motivation", *Industrial Marketing Management*, 2003, Vol.32, No. 7, pp.553-561
- Blank, S.G., 2006, *The four steps to the Epiphany, Successful Strategies for Products*, 3rd Edition, pp. 1-10
- Branch, A. E., 2006, *Export practice and management*, London: International Thompson Reuters Business Press, 5th Edition. pp. 497-498
- Brennan, R., Canning, L., McDowell, R., 2011, *Business-to-Business Marketing*, SAGE Publications, 2nd Edition, pp. 5-10
- Competition Act 1998, Office of Fair Trading, goo.gl/tq3fUo, Read: 01/08/2013
- Creswell, J.W., 2003, *Research Design, Qualitative, Quantitative, and Mixed Methods Approaches*, Second Edition, SAGE Publications, pp.18-22
- Croll, A., Yoskovitz, B., 2013, *Lean Analytics Use Data to Build a Better Startup Faster*, O'Reilly Media Publishing, pp. 5-10, 9, 360-370
- Davies, S., "Building a business-to-Business Sales Process", *Technology Innovation Management Review*, 2010, October, Online Publishing, <http://goo.gl/8tN4eT>
- Gabrielsson, M., Gabrielsson, P., "Internet-based sales channel strategies of born global firms", *International Business Review*, 2011, Vol. 20, No. 1 pp.88-99
- Garbrielsson, M, Manek Kirpala, V.H, Dimitratos, P., Solberg, C.A, Zucchella, A., "Born Globals: Propositions to help advance the theory", *International Business Review*, 2008, Vol. 17, No. 4, pp.385-401
- Gabrielsson, M, Manek Kirpalani, V.H, 2012, *Handbook of Research on Born Globals*, Edward Elgar Publishing, Inc., pp. 3-28
- Gage, D., "The Venture capital secrets: 3 out of 4 start-ups fail", *The Wall Street Journal*, 19/09/2012, goo.gl/xgS9a9, Read 20/06/2013
- Hall, R., Woodward, S., "The Incentives to start new companies: evidence from venture capital", *National Bureau of Economic Research*, 2007, Working Paper 13056
- HM Revenue & Customs, goo.gl/IJUuVZ, Read 27/06/2013

Howkins, J., 2007, *The Creative Economy: How People Make Money from Ideas*, Penguin Business, Allen Lane, Revised Edition

ICC, Taxation, goo.gl/MZ6VQt, Read 26/06/2013

Interview 1, Product Manager, 35 years old, 13 years of experience in the field, representing start up firm, Interview date 17/09/2013

Interview 2, Customer Support and Sales Executive, 30 years old, 10 years of experience in the field, representing a corporate, Interview date 17/09/2013

Interview 3, Services Account Executive, 38 years old, 15 years of experience in the field, representing a corporate, Interview date 15/09/2013

Iriana, R., Buttle, F., "Strategic, Operational, and Analytical Customer Relationship Management: Attributes and Measures", *Journal of Relationship Marketing*, 2006, Vol. 5, No. 4, pp.23-42

Isomaa, J., "Towards Software Sales Success Case: Comparison of Successful Business Practices of Nordic Sister Companies Selling Software X", 2010, <http://goo.gl/JUUOr5>

Karra, N., Phillips, N., Tracey, P., "Building the Born Global Firm: Developing Entrepreneurial Capabilities for International New Venture Success", *Long Range Planning*, Vol. 41, No. 4, 2008, pp. 440-458

Kiang, M.Y., Raghu, T.S., Shang, K.H.M., "Marketing on the internet: Who can benefit from an online marketing approach", *Decision Support Systems*, 2000, Vol. 27, No. 4, pp.383-393

Mack, N., Woodsong, C., MacQueen, K.M., Guest, G., Namey, E., *Qualitative Research Methods: A Data Collector's Field Guide*, 2005, Family Health International (FHI), pp.1-8

Mahoney, J., Goertz, G., "A Tale of Two Cultures: Contrasting quantitative and qualitative Research", *Political Analysis*, 2006, Vol.14, No. 3, pp.227-249

Manolova, T.S., Manex, I.M., Gyoshev, B.S., "In good company: The role of personal and inter-firm networks for new-venture internationalization in a transition economy", *Journal of World Business*, 2010, Vol. 45, No. 3, pp. 257-265

Moen, O., Endresen, I., Gavlen, M., "Use of the internet in international Marketing: A Case Study of Small Computer Software Firms", *Journal of International Marketing*, Vol.11 No.4, 2003, pp.129-149

Pal, B., Sinha, R., Saha, A., Jaumann, P., Misra, S., "Customer targeting framework: Scalable repeat purchase scoring algorithm for large databases", *IPCSIT*, 2012, Vol. 25, pp. 143-146

Parmenter, D., 2010, *Key Performance Indicators: Developing, Indicating and Using Winning KPIs*, John Wiley & Sons, 2nd Edition, pp.1-9

Patterson, L., "Marketing and Sales Alignment for Improved Effectiveness", *Journal of Digital Asset Management*, 2007, Vol. 3, No.3, pp. 185-189

Petersen, B., Welch, L.S., Liesch, P., "The Internet and foreign market expansion by firms", *Management International Review*, 2002, Vol.42, No.2, pp. 207-221

Plakoyiannaki, E., Tzokas, N., "Customer relationship management: A capabilities portfolio perspective", *Journal of Database Marketing*, 2002, Vol. 9, No.3, pp.228-237

Reichheld, F.F., "The one number you need to grow", *Harvard Business Review*, 2003, December, Vol. 81, No. 12, pp.46-54

Reinarz, W., Krafft, M., Hoyer, W.D., "The Customer Relationship Management Process: Its Measurement and Impact on Performance", *Journal of Marketing Research*, XLI, 2004, August, pp.293-305

Richards, K.A., Jones, E., "Customer relationship management: Finding value drivers", *Industrial Marketing Management*, 2008, Vol.37, pp.120-130

Rigby D.K., Reichheld, F. F., & Scheffer, P., "Avoid the four perils of CRM", *Harvard Business Review*, 2002, Vol 80, No 2, pp.101-109

Riley, J., *Business & External Environment (Overview)*, Tutor2u, goo.gl/uAl732, Updated: 23/09/2012, Read: 01/08/2013

Ross, M., *8 Strategies for B2B Marketing Success*, Cmo.com, <http://goo.gl/NTwDKz>, Updated: 10/09/2013, Read 01/09/2013

Roudini, A., Osman, M.H.M., "The Role of International Entrepreneurship Capability on International Performance in Born Global Firms", *iBusiness*, Vol. 4, No. 2, 2012, pp. 126-135, Published Online June 2012, <http://goo.gl/YbYAb0>

Rust, R.T., Zeithaml, V.A, Lemon, K.T., 2000, *Driving Customer Equity: How customer Lifetime Value Is Reshaping Corporate Strategy*, The Free Press, NY, pp.53-115

Sarasvathy, S., Menon, A., "Failing firms and successful entrepreneurs: serial entrepreneurship as a simple machine", *Effectuation*, ENTPAP 13670, Revised: 04/01/2002

Servais, P., Madsen, T.K., Rasmussen, E.S., "Small manufacturing firms' involvement in international e-business activities", *International Marketing Research*, 2006, Vol. 17, pp. 297-317

SharpCloud LinkedIn statistics, internal source, 2013

SharpCloud MailChimp Statistics, internal source, 2013

SharpCloud Marketing Statistics, internal source, 2013

SharpCloud Sales Statistics, internal source, 2013

Sofaer, S., "Qualitative Research Methods", *International Journal for Quality in Health Care*, 2002, Vol. 14, No. 4, pp. 329-336

Sullivan, E., "The customer lifecycle in SaaS environments – Interview with Ed Sullivan of Aria Systems", *Journal of Digital Asset Management*, 2008, Vol. 4, pp.260-268

Thomson, W., "Electric Units of Measurement", Popular Lectures and Addresses, 1889, Vol. 1, pp.80-81

Timmons, J.A., Spinelli, S., 2008, New venture creation: Entrepreneurship for the 21st century, McGraw-Hill International, 8th Edition

U.S Small Business Administration, Advocacy: the voice of small business in government, <http://goo.gl/zg1UOd>, Updated January 2011, Read 16/07/2013

Wailgum, T., CIO Website, goo.gl/e7bFkk, Read 25/07/2013

Xu, M., Walton, J., "Gaining customer knowledge through analytical CRM", Industrial Management and Data Systems, 2005, Vol 105, No. 7, pp.955-971

Yoos, S., "Market Channels of Technology Startups that Internationalize Rapidly from Inception", Technology Innovation Management Review, October 2012, pp.32-37

Qualitative Research Questions

- 1) How do you find your target customers?
- 2) How often do your customers find you? Frequency?
- 3) How do you ensure customers buy your product?
- 4) How important is CRM? And how does it affect sales?
- 5) How long does it take to close a sale? What methods do you use?
- 6) How do you think start up software sales is different to selling software at a corporate?

